

**STATEMENT FROM MARYJANE A. WURTH, PRESIDENT
ILLINOIS HOSPITAL ASSOCIATION**

**ON ILLINOIS DEPARTMENT OF REVENUE'S INITIAL RULINGS ON
PROPERTY TAX-EXEMPTION APPLICATIONS OF THREE HOSPITALS
August 16, 2011**

The Illinois Hospital Association is disappointed by and deeply concerned about the action taken today by the Illinois Department of Revenue to issue preliminary rulings denying the property tax-exemption applications of three not-for-profit hospitals. While it is important to note that these rulings are only the first step in the process, IHA feels that this is tantamount to taxing Illinois hospitals and is very concerned that hospitals will have to devote precious time and resources in responding to these challenges.

Hospitals in Illinois are vital community resources that deserve tax-exempt status, treating patients 24 hours a day, seven days a week, and providing services to thousands of people who do not have the financial means to pay for the treatment they need, and providing billions of dollars in benefits to their communities.

Most Illinois hospitals operate as non-profits owned and governed by the community. All earnings of a non-profit hospital are re-invested in the hospital's community in the form of providing services, enhancing access to care, improving quality, purchasing new life-saving technology, upgrading facilities, educating physicians and other health care professionals, and conducting medical research. Taxing hospitals will force them to reduce services and increase health care costs for patients and employers – jeopardizing access to quality hospital services as well as the financial survival of some hospitals.

Financially healthy hospitals are critical to Illinois, not only as health care providers, but also as major employers and economic engines. Hospitals provide more than 425,000 direct and indirect jobs to Illinoisans and have an economic impact of more than \$75 billion a year for the local and state economies. Hospitals are one of the few sectors of the economy creating new jobs and are vital to stimulating the state's economic recovery. This action threatens the job-creating role of hospitals for Illinois residents.

An array of forces threatens the stability of Illinois hospitals that would only be exacerbated by the loss of tax-exemption. One in three Illinois hospitals are already losing money and many others have very slim positive margins.

Federal health reform is reducing Medicare payments to Illinois hospitals by \$8 billion by 2020. The state has substantially reduced Medicaid and Workers' Compensation funding for hospitals by hundreds of millions of dollars this year. The recession has swollen the Medicaid rolls and the ranks of the uninsured – putting further stress on hospitals. For example, charity care provided by Illinois hospitals has more than doubled over the past five years.

Given these pressures, property tax exemptions are especially important to the ability of hospitals to meet the needs of their communities. Losing an exemption could be devastating to an individual hospital – potentially wiping out already thin margins and triggering cuts in the workforce and in health care services for the community.

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About the Illinois Hospital Association

The Illinois Hospital Association, with offices in Naperville, Springfield and Washington, D.C., is an advocate for 200 hospitals and health systems and the patients and communities they serve. For more information, visit www.ihatoday.org.